

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-724

September 25, 1998

PUBLIC UTILITIES COMMISSION
Lifeline and Link Up Service Programs
(Chapter 294)

NOTICE OF RULEMAKING

WELCH, Chairman; NUGENT, Commissioner

I. SUMMARY

In this Order, we propose a rule that establishes criteria for Maine's Lifeline and Link Up service programs. These programs facilitate network access for low-income customers by providing discounts on telephone installation and monthly service.

II. BACKGROUND

Since 1984, it has been state policy "that telephone service must continue to be universally available, especially to the poor, at affordable rates." 35-A M.R.S.A. § 7101(1). Maine has relied on Lifeline and Link Up to implement this policy. These programs, which are primarily federally funded, ensure that low-income consumers have access to telecommunications services.

Pursuant to a recently enacted amendment to 35-A M.R.S.A. §7104, the Commission proposes a rule that describes eligibility and procedures for the Lifeline and Link Up service programs.¹ 35-A M.R.S.A. § 7104(1) states:

The commission shall require telephone utilities to participate in statewide outreach programs designed to increase the number of low-income telephone customers on the network through increased participation in any universal service program approved by the commission.

35-A M.R.S.A. § 7104(3) further requires the commission to adopt rules to implement these requirements. The statute lists certain requirements for any rules adopted by the Commission, including that they be consistent with Federal law and maximize available Federal assistance. 35-A M.R.S.A. § 7104(3)(A-F).

¹ Lifeline and Link Up are presently implemented through a delegation order and individual tariff filings rather than a Commission rule.

Any rule adopted in this proceeding will be a routine technical rule as defined in Title 5, chapter 375, subchapter II-A.

Prior to commencing this Rulemaking, the Commission conducted an Inquiry into universal service issues (*Public Utilities Commission, Inquiry Into Implementing the Universal Service Provisions of the Telecommunications Act of 1996*, Docket No. 97-429) in which the Commission solicited and received general comments on the Lifeline and Link Up programs. In addition, the Commission specifically investigated the Lifeline and Link Up programs (*Public Utilities Commission, Investigation Into Modification of Maine's Lifeline/Linkup Program*, Docket No. 97-825). The information gathered in these dockets has aided us in drafting this Rule and has focused our questions on those issues where we find an opportunity to enhance universal service in Maine.

III. DESCRIPTION OF RULE'S PROVISIONS

This rule primarily addresses certain criteria for eligibility and enrollment for the Lifeline and Link Up services. We will address other facets of these programs, such as funding, reimbursement and customer protections, in separate proceedings.

We generally find that Maine's Lifeline and Link Up programs are functioning effectively. We are searching, however, for methods to improve the current programs. This draft rule largely reiterates current practices, and as such we only briefly describe most sections. We have included questions that we believe will best help us to improve our efforts.

A. Section 2: Eligibility

Section 2 outlines the eligibility criteria for Lifeline and Link Up service. The parameters are very similar to those adopted in Docket No. 91-280 Public Utilities Commission Re: Policy Statement and Delegation of Authority to Approve Modification to Lifeline Schedules for Telephone Utilities, which are used for Maine's existing Lifeline and Link Up programs. These eligibility criteria allow Maine's social service agencies to identify eligible candidates and provide them access to the Lifeline and Link Up service programs. Further, these criteria allow providers of telecommunications services to employ the social service agencies for verification.

In the years that have passed since Docket No. 91-280, these financial assistance programs have evolved. In light of these changes, it seems prudent to reconsider whether the current eligibility guidelines are the most equitable and effective way

to ensure that low-income families have access to telecommunications services. Our goal is to make these benefits available to all individuals who fit certain income criteria based upon family size, regardless of other personal circumstances.

We seek comment on the following questions:

1. Should we broaden or constrict the suggested set of programs that define eligibility? If so, what programs should be included or removed from the proposed list? Please provide an estimate of the number of households impacted by your recommendation.

2. Are there any changes planned for the social programs outlined in the draft rule that would effect the number of eligible households in Maine?

B. Section 3: Enrollment

Section 3 describes how consumers enroll in either the Lifeline or Link Up service programs. The draft reflects the current scheme, whereby an individual may either apply directly to his or her telecommunications carrier orally or in writing, or may sign up through a contact with a social service agency. The ability of customers to orally assert their eligibility appears to be one of the strengths of Maine's Lifeline program.

We seek comment on the following questions:

3. Could the Department of Human Services accept applications at the same time as it enrolls people for relevant social programs?

4. Should everyone at the time of enrollment in any one of the designated social programs automatically be enrolled in Lifeline?

We tentatively conclude that some form of automatic Lifeline enrollment or application would increase the number of qualifying low-income customers enrolled in the program. We are interested in learning about any problems that would prevent us from implementing automatic enrollment or prevent all social service agencies from accepting applications.

C. Section 4: Discounts

Section 4 explains the discounts that will be applied under both the Lifeline and Link Up programs. Customers currently realize a benefit of \$10.50 per month for Lifeline service with \$7.00 of this amount provided from federally

regulated sources. Maine's ratepayers currently fund the remaining \$3.50. Maine's contribution allows for the maximum leverage of Federal support, thus fulfilling our statutory obligation to maximize Federal support.

Link Up provides a customer credit for all but \$10.00 of the cost of installing service. This support is key to maintaining universal service, as the rates for initial installation can be prohibitive for some low income customers. Federal support covers half of the installation costs, or \$30.00, whichever is less. Maine currently supports all but \$10.00 of the remaining amount.

We seek comment on the following question:

5. Should we modify Maine's Link Up program to provide a fixed amount of intrastate funded support, or is the current system more effective?

We tentatively conclude that the current system is both equitable and easy for customers to understand.

6. Should we modify the rule to ensure that certain non-ETCs, specifically resellers, are able to offer Lifeline and Link Up service? If so, should we include provisions to ensure that service is provided at rates no greater than those offered by the ETC whose service is being resold?

D. Section 5: Verification

Section 5 describes the process that ETCs must use to verify eligibility for Lifeline customers. This verification process costs approximately \$25,000 per year for all carriers combined, and appears to be a cost-effective method to remove customers who no longer fit the eligibility profile.

We seek comment on the following question:

7. Should verification costs be capped at a certain percentage of total program benefits or should we not establish a cap and instead monitor the reports submitted by ETCs pursuant to section 7 of the proposed Rule?

E. Section 6: Outreach Efforts

Section 6 repeats the requirement in State law that telecommunications carriers participate in outreach efforts designed to increase network penetration for low-income customers.

We seek comments on the following questions:

8. Should we establish specific outreach requirements or guidelines for eligible telecommunications carriers? If so, what data should be used to determine these requirements and how should we express target requirements (for example, percentage of eligible customers enrolled in the program, number of households enrolled, etc.).

9. Should all telecommunications companies be required to contribute to or perform outreach, or only those providing Lifeline and Link Up services? Should we require the same subset of companies that contribute to Federal universal service efforts to contribute to our outreach efforts?

F. Section 7: Reporting Requirements

Section 7 outlines the reporting requirements for ETCs that provide service to Lifeline and Link Up customers. This information helps the Commission to assess the relative success of the program, and assists in targeting any improvements or modifications that may be needed.

We seek comment on the following questions:

10. Are the proposed reporting requirements and frequencies appropriate?

11. What additional information, if any, should we require?

IV. RULEMAKING PROCEEDING

This Rulemaking will be conducted according to the procedures set forth in 5 M.R.S.A. §§ 8051-8058. No public hearing on this matter is presently scheduled, but one will be held if requested by any five (5) interested persons. Persons wishing to request a public hearing on this rule must notify the Administrative Director, Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018 (telephone: 207-287-3831), on or before October 16, 1998.

Written comments on the proposed rule may be filed with the Administrative Director no later than November 6, 1998. Please refer to the docket number of this proceeding, Docket No. 98-622, when submitting comments.

In accordance with 5 M.R.S.A. § 8057-A(1), the fiscal impact of the proposed rule is expected to be minimal. It is not expected to impose an economic burden on small businesses as Lifeline and Link Up costs are presently embedded in telecommunications rates.

The Administrative Director shall send copies of this Order and the attached rule:

1. All telephone utilities in the State;
2. All persons who have filed with the Commission within the past year a written request for Notice of Rulemaking;
3. All persons listed on the service list or who filed comments in the Investigation in Docket No. 97-825;
4. The Secretary of State for publication in accordance with 5 M.R.S.A. § 8053(5); and
5. Executive Director of the Legislative Council, State House Station 115, Augusta, Maine 04333 (20 copies).

Accordingly, it is

O R D E R E D

1. That the Administrative Director send copies of this Order and the attached proposed rule to all the persons listed above and compile a service list of all such persons and any persons submitting written comments on the proposed Rule.

2. That the Administrative Director send a copy of the Order Commencing Rulemaking Proceeding to the Secretary of State for publication in accordance with 5 M.R.S.A. § 8053.

Dated at Augusta, Maine this 25th day of September, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent